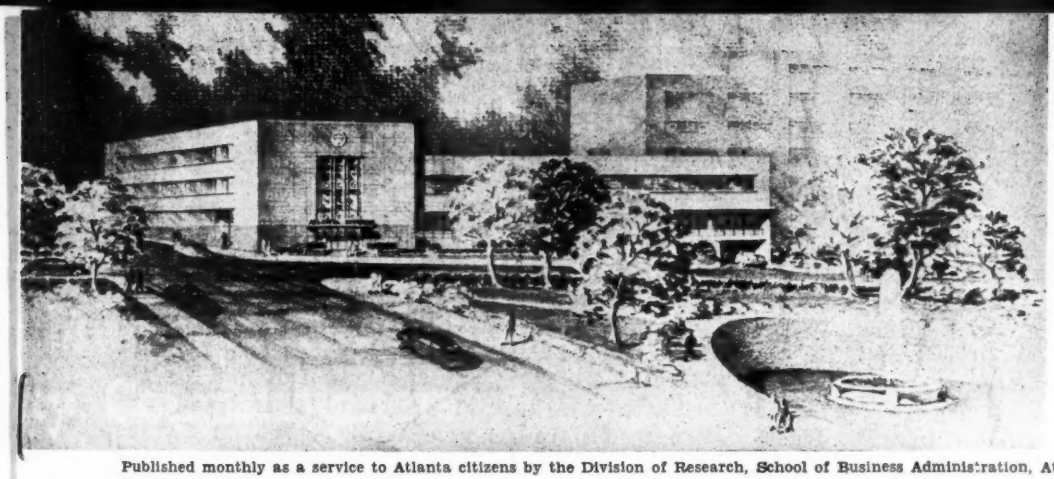


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THE BUSINESSMAN'S STAKE IN THE REWRITING OF AMERICAN HISTORY

by

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American business history is in the process of being rewritten. Since the middle of the 1920's, competent scholarship has been employed to tell an objective, impartial story of the development of the American business community. Especially since 1940, that job has been performed more and more frequently by some of the nation's most talented and best qualified men. A new school of thought regarding the country's business heritage has evolved. The continuation of that new trend is of vital concern to businessmen in all parts of the United States. A review of some of the highlights of the great "age of enterprise" from 1865 to 1900 and of the trends in the writing of history should promote a better understanding of the new approach.

The era from 1865 to 1900 was one of extremely rapid economic expansion. With the end of the Civil War, a vast industrial and commercial potential lay open to development, merely awaiting the coming of men willing and able to meet the challenge. Economically, there was no shortage of the primary factors of production (land, labor, and capital). The treasures of natural wealth in America had scarcely been touched before mid-century, owing largely to the basically agrarian characteristics of the United States; but in the decades immediately following 1865, capital, labor, and managerial talents were employed in a variety of combinations to exploit and profit from the material resources of the nation. American capital, which had flowed primarily into transportation developments (especially canal and railroad projects), maritime activities, plantations, and great mercantile establishments before 1860, was more plentiful in the post-war era and was available for the task of industrialization which followed. Much of the fund of capital came from the "lush" war years and the men who held it were especially anxious to reinvest.

Labor, while never in surplus in the early years of national growth, was also more abundant after the war. Demobilized Union and Confederate armies, added to the growing stream of immigrants from Europe, swelled the size of the effective working force.[1] The working people of America were constantly seeking new opportunities.

Also, there emerged in this era a group of men peculiarly endowed with the capacity for leadership. They arose as a new business and industrial "class", providing the entrepreneurial function of combining land, labor, and capital. Those men, often referred to as "robber barons" or "industrial giants", built financial empires in an age notably devoted to materialism. The methods which they used in their business transactions with one another and with the public have generally received disapproval, especially in the years around 1900 and during the "Great Depression" of the 1930's. An examination of the social environment of the decades before 1900, however, reveals considerations often ignored by those who have criticized most severely the economic leaders and their supposed "lack of ethics."

The American nation had just survived a bitter internal struggle in 1865 and its people were impatient to get on with the task of earning a living. That impatience, coupled with the political victories of Northern business interests (assured by the secession of the Southern states and the decision at

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1. The labor force (including both farm and non-farm workers) rose from 10.5 million in 1860 to 29.1 million in 1900, nearly a three-fold increase (U. S. Bureau of the Census, HISTORICAL STATISTICS OF THE UNITED STATES, 1789-1945, Washington. 1949, p. 63.)

Appomatox), provided a social and political environment conducive to the growth of big business. Politicians created and maintained a legal framework which offered few if any serious obstacles to the free pursuit of personal and corporate objectives. In fact, the *laissez-faire* system of political economy, long in vogue in America, was the order of the day. That meant a minimum of governmental restraint on the activities of individuals. The politicos of that particular day modified the traditional concepts of *laissez faire*, however, by providing positive aids to the growth of industry, transportation, and trade. Protective tariffs were pushed higher and higher, the public domain was offered in vast quantities at ridiculously low prices to the ranching, mining, and timber interests, and the railroad builders received substantial assistance from federal, state, and local governments. Under such a sympathetic political system, the "industrial giants" met with little effective opposition in establishing their empires.

Furthermore, the general public either did not care or actually gave tacit approval to the actions of the "big men" of the day. After all, America was the land of opportunity where a country boy could move from the backwoods to the White House —where a son of poor Scottish immigrants could amass an enormous fortune in the steel business. Many hard-working persons undoubtedly harbored visions of duplicating the Carnegie feat; they would not have willingly placed legal obstacles in the path of such success. Whether there was general public approval of business methods and stature from 1865 to 1900 may be questioned; but that the *general* public was apathetic to the situation was a fact. Hence, it was not surprising that the social and political climate of the age fostered and nourished the "rise of big business."

There were some voices, however, which were raised in protest against the prevailing systems of politics and economics in the late nineteenth century. Most prominent and perhaps the most significant were the cries emanating from the agricultural sections of the country. Especially in the Middle West and in the South, farmers complained of the inequities of income distribution. Those farmers who produced staples such as cotton, tobacco, wheat, corn, beef, and hogs were largely dependent upon prices set by buyers on the big commodity exchanges operating in distant markets. There were years when prices received for harvested crops did not cover the costs of shipping the products to eastern centers of distribution. Small wonder that the farmer blamed the middlemen and the railroad operators for his plight.

Farmers organized to combat what they considered evil conspiracies to keep them economically depressed, starting the Granger movement as early as 1867. The farmers turned to politics through the Grange and other agrarian societies, meeting with some success in state elections. The voice of the farmer was heard also in national politics through the "Greenback Party" in the 1870's and the "Populist Party" in the 'eighties and 'nineties. Most of the farm movements failed in their immediate objectives of bringing political and economic relief to the rural sections, but their cause attracted the attention of others who, between 1900 and World War I, instituted many of the reforms long advocated by the Grangers and the Populists. The farmer was instrumental in bringing on more widespread government regulation of unfair business practices.

Contemporary with the farm protest, a group of "social reformers" appeared in the closing decades of the nineteenth century to question the validity of the free enterprise system. Men like Henry George (*Poverty and Progress*), Henry Demarest Lloyd (*Wealth Against Commonwealth*), Edward Bellamy (*Looking Backward*), and Thorstein Veblen (*The Theory of the Leisure Class*) called attention to some of the injustices of the American system in socialistic writings. While they exaggerated and contorted the true picture in many cases, they helped to bring about the "emergence of a social conscience" in the United States. The reforms which those men advocated were basically incompatible with the traditions of American capitalism; but so also were the conditions about which they complained incompatible with the ideals of freedom and opportunity.

The "reformers" were joined by a group of able journalists about the turn of the century. Those writers, commonly referred to as "muckrakers", attempted to expose the less attractive side of American business and politics to the public.[2] They included Ida Tarbell (*History of Standard Oil*), Lincoln Steffens (*Shame of the Cities*), and Upton Sinclair (*The Jungle*), uncovering much that was bad about commercial practices; however, their writings were printed in many cases by publishers who were seeking to increase circulation of journals through sensationalism. Thus, only one side of a two-sided coin was revealed.[3]

The muckrakers achieved a remarkable degree of success in arousing the American people to the task of instituting rather widespread "reforms" in the American system. From 1901 to 1916, Congress passed a number of laws designed to eliminate many of the evils of a free enterprise society. Railroads were rigidly controlled through a strengthened Interstate Commerce Commission; the antitrust laws were enforced by the federal courts and

2. In 1906, President Theodore Roosevelt labeled the group "muckrakers", comparing the journalists to the man with the muck-rake in Bunyan's PILGRIM'S PROGRESS, who could look no way but downward as he stood stirring the filth of the floor. The term was not complimentary!

3. For a longer discussion of these and other writers on the subject of business, see Edward N. Saveth, "What Historians Teach about Business," FORTUNE, v. 45 (April, 1952), pp. 118-19, 165-74.

clarified through amendments by Congress; the National Banking System was thoroughly overhauled and virtually replaced by the Federal Reserve System; a federal pure food and drug law was placed on the books; an income tax amendment was added to the Constitution and a graduated income tax levied.

Those, plus other changes in the relationship between business and government, caused the period from 1901 to 1916 to be called the Progressive Era. Hence, it can be seen that the writers who exposed the corrupt and evil nature of certain business and governmental practices accomplished a large part of their program. Of equal significance to the businessman, however, is the fact that those early "business historians", using the term loosely, left some erroneous but deep impressions with the general public. The concept that big business and corruption go hand in hand emerged as fundamental around 1900, and there has been little to remove the stigma since that time. A great injustice was rendered the American businessman in general by the "social reformers" who did not view the actions and deeds of a Rockefeller, a Carnegie, a Morgan, a Vanderbilt, or a Gould in the proper perspective. Even if everything written about the titans of business were true (and much of it *was* true), there was still no reason to assume that *all* men engaged in business were little better than robbers or cutthroats. Yet, the legend has been perpetuated through the years by historians; the result, inevitably, was that business has not enjoyed high repute.

The social historians and many so-called "liberals", writing in the years after the economic collapse of 1929, found much ammunition in the writings of the earlier reform period. The more recent writers could refer to the American tradition of *laissez faire* and compare the decade of the 1920's with the 1865 to 1900 era. Under political administrations pledged to preserve and promote free enterprise, the nation had moved to new heights of prosperity during the "seven fat years" from 1923 to 1929, only to sink into the trough of the worst economic depression in the history of the modern world. Naturally, the enemies of free enterprise hastened to add "I told you so" and played upon the corruption and mismanagement of big business. All during the 'thirties, the advocates of a planned economy denounced the methods and personalities of the American business community.

Soon thereafter, the "revisionists" in American history began to gain headway in their struggle to tell a true story of America's business past. Of course, they have been accused of writing apologies for the past record of business and of applying the whitewash brush too freely. Some of the products of recent years[4] did nothing to refute that argument. On the whole, however, the professional historians, well trained in methodology, have sought to present the unvarnished truth, exposing fraud and graft where it existed, making no attempt to hide anything. They have succeeded in arriving at a happy middle ground, giving commerce and industry due credit for the material achievements of the past century. Those revisionist historians have placed much emphasis on analyzing the decision-making function within the individual firm, while placing the story in the proper economic, social, and political setting. Not only do they attempt to arrive at the pattern of thought on the executive level in decision making, but they try to determine the long-run effects of those decisions on society as a whole. With this work, the American public has begun to receive some relatively new impressions of the performance of the American economy.

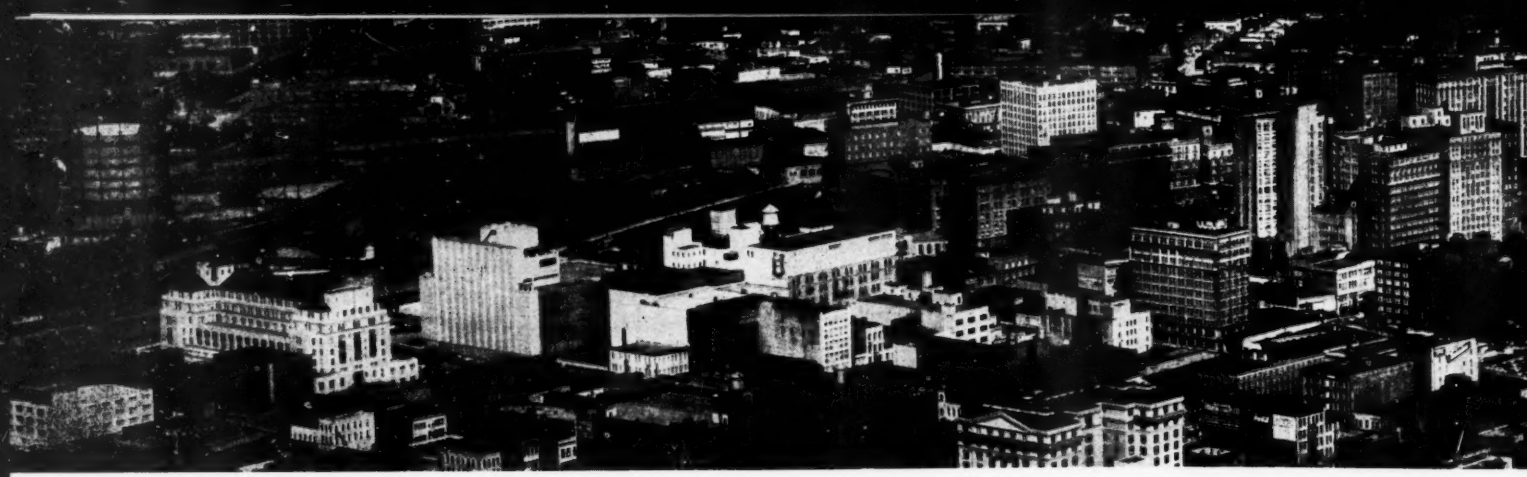
There is a long up-hill pull before the "new school" of business history catches up with the "old". Longevity is on the side of the earlier theories regarding business; the stories told by the "social reformers" and the "muckrakers" were accepted and have become engrained in the textbooks and teachings of public schools and colleges throughout the land. Fifty years of tradition will not easily give way to the newer viewpoints. A conflict currently rages within the history profession over whether or not history should be rewritten. A recent debate between Allan Nevins, one of the leading advocates of revisionism, and Matthew Josephson, one who has helped expand the myths and legends of the 1865-1900 era, illustrates the basic disagreement. The pro and con statements appeared in the *Saturday Review of Literature* earlier this year, entitled, "Should American History Be Rewritten?"[5]

Nevins, in his affirmative argument, pointed out that there are three basic reasons for rewriting history: (1) each generation needs a new interpretation of history to suit its own climate of opinion or frame of reference; (2) new tools of research and study (economic analysis, statistics, economic geography, psychology, sociology, etc.) are uncovered from time to time, bringing forth a demand for reappraisals; (3) new materials are constantly being discovered. Nevins emphasized the need in this present age to write business history with "discrimination, balance, and a concern for scientific analysis of all the evidence . . ." At a time when the bastions of free enterprise are under attack from several quarters, Nevins apparently finds

(Continued on Page 6)

4. This reference is to the multitude of "public relations" books and pamphlets which so many firms have published under the guise of business histories.

5. February 6 1954, pp. 7-10, 44-49. Matthew Josephson's book, THE ROBBER BARONS: THE GREAT AMERICAN CAPITALISTS, 1861-1901 (New York, 1934), is a classic example of a competently written book which purveys the impressions that businessmen were generally "crooked" in their activities. There are not enough factual errors (there are several) in the ROBBER BARONS to discredit Josephson as an historian. The chief ground for criticism is that Josephson wrote with such an utter disregard for objectivity that his book becomes virtually worthless as accurate history.



JULY
ATLANTA AREA ECONOMIC INDICATORS

ITEM	July 1954	June 1954	% Change	July 1953	% Change
EMPLOYMENT					
Job Insurance (Unemployment) Payments	$401,015	$384,406	+4.3	$156,576	+156.1
Job Insurance Claimants†	6,060	5,950	+1.8	2,727	+122.2
Total Non-Agricultural Employment	290,150	296,500*	−2.1	300,350*	−3.4
Manufacturing Employment	75,550	77,600*	−2.6	79,300*	−4.8
Average Weekly Earnings, Factory Workers	$63.60	$62.25	+2.2	$63.40	+0.3
Average Weekly Hours, Factory Workers	40.0	39.4	+1.5	40.9	−2.2
Number Help Wanted Ads	6,064	6,106	−0.7	8,629	−29.7
CONSTRUCTION					
Number Building Permits City of Atlanta‡	800	919	−13.0	932	−14.2
Value Building Permits City of Atlanta‡	$5,002,471	$27,012,307	−81.5	$8,132,195	−38.5
Employees in Contract Construction	13,750	17,750	−22.3	16,150	−14.8
FINANCIAL					
Bank Debits (Millions)	$1,240.8	$1,232.0	+0.7	$1,240.6	+0.0
Total Deposits (Millions) (Last Wednesday)	$955.6	$988.7	−3.3	$951.9	+0.4
POSTALS§					
Postal Receipts	$1,231,006	$1,385,261	−11.1	$1,111,800	+10.7
Poundage 2nd Class Mail	1,175,777	1,151,263	+2.1	1,248,791	−5.9
OTHER					
Department Store Sales Index (Adjusted) (1947-49=100)	134	128	+4.7	125	+7.2
Department Store Stocks	N. A.	N. A.	+1.0	N. A.	+0.0
Retail Food Price Index (1947-49=100)	115.3	114.7	+0.5	113.8	+1.3
Number Telephones in Service	248,841	247,754	+0.4	237,642	+4.7
Number Local Calls per Day	1,971,104	1,801,382	+9.4	1,852,342	+6.4

*Revised N.A.—Not Available.
‡City of Atlanta only.

†Claimants include both the unemployed and those with job attachments, but working short hours.

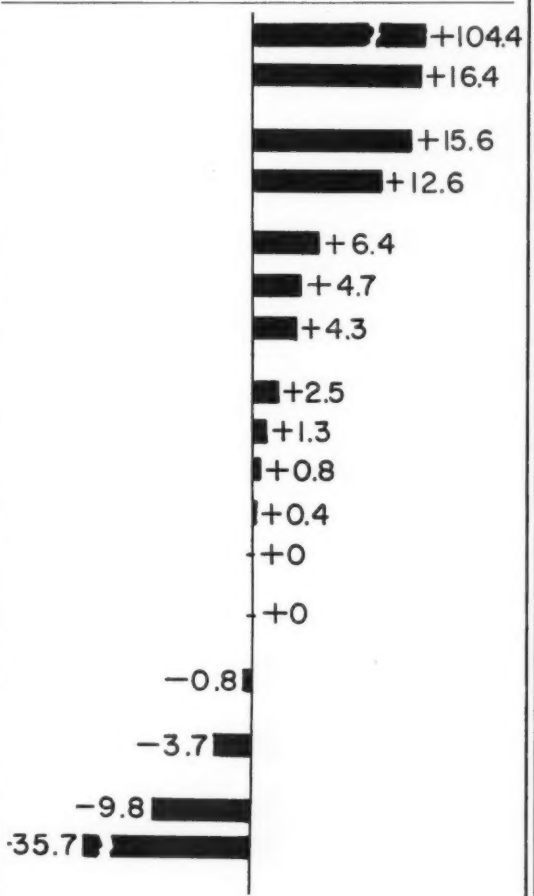
Sources: All data on employment, unemployment, hours, and earnings: Employment Security Agency, Georgia Department of Labor; Number Help Wanted Ads: Atlanta Newspapers, Inc.; Building permits data: Office of the Building Inspector, Atlanta, Georgia; Financial data: Board of Governors, Federal Reserve System; Postal data: Atlanta Post Office; Retail Food Price Index: U. S. Department of Labor; Department Store Sales and Stocks Indexes: Federal Reserve Bank of Atlanta and Board of Governors, Federal Reserve System; Telephones in Service: Southern Bell Telephone and Telegraph Company.



January Through July, 1953 and 1954

1954	1953	ITEM
40,486	19,806	Job Insurance Claimants
$9,545,633	$8,201,019	Postal Receipts, Atlanta Post Office
$55,694,712†	$48,159,224	Value Building Permits, City of Atlanta
15,200	13,500	No. Construction Employees*
8,950,179	8,409,018	Poundage 2nd Class Mail Atlanta Post Office
248,841	237,642	Telephones in Service**
$8,728.1	$8,371.0	Bank Debits (Millions)
295,750	288,450	Total Non-Agricultural Employment*
115.3	113.8	Retail Food Price Index (July)
78,064	77,450	No. Manufacturing Employees*
$955.6	$951.9	Total Deposits (Millions)**
N. A.	N. A.	Department Store Stocks**
N. A.	N. A.	Department Store Sales Based on Dollar Amounts
$62.51	$63.03	Average Weekly Earnings, Factory Workers*
39.6	41.1	Average Weekly Hours, Factory Workers*
6,045	6,700	Number of Building Permits City of Atlanta
45,421	70,612	Number Help Wanted Ads

PER CENT CHANGE



†Special ruling permits construction of $20,500,000 Grady Hospital addition without permit. If included, total above is $76,194,712 and the change becomes plus 58.2%.

*Average Month
**End of period
N.A.—Not Available
Sources: Same as page 4.

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great satisfaction in telling the true story of our economic progress. He claimed, in his debate, that we no longer need to apologize for our social and political system as we did in the 1930's; now, we can deliberately declare that the American way has been "freer, more flexible, and more humane than any other in history." Nevins did not advocate covering up past weaknesses. He admitted the atrocious aspects of the swift industrialization after 1865. But at the same time he defended the system on the basis of over-all soundness and flexibility. He asked that the record be set straight, damning where blame is warranted and praising where praise is due. He held no doubt that the balance sheet will show that the credits far outweigh the debits when *all* of the entries are made.[6]

On the other hand, Matthew Josephson accused the revisionists of "mental conformity" in answering Nevins in the debate. He claimed that the 1952 election forced scholars to take on "a more appreciative attitude" toward the men who industrialized America. He even went so far as to compare the "new school of history" with the "ministry of truth" in George Orwell's fantasy, *1984*. Josephson feared that the revisions of our history would be in the nature of propaganda for the political administration in command. Historians might, he said, dwarf Franklin D. Roosevelt to the stature of a Coolidge and give Henry Ford "wings and a harp".[7]

A wholly satisfactory answer to both Nevins and Josephson is, "Rewrite that part of the record that is inaccurate, when the tools and materials for doing the job are at hand." There is much room for setting the record straight within that limitation. The individual firm holds a key position in determining the success of the revisionists.

Only through the most complete co-operation between business and the professional historian can the "record be set straight". The muckrakers and other critics of business utilized for the most part materials other than business records. They did not have access to business records which might have presented a far different picture; and for this fact, they were not as much to blame as were the executives about which the stories were being written.

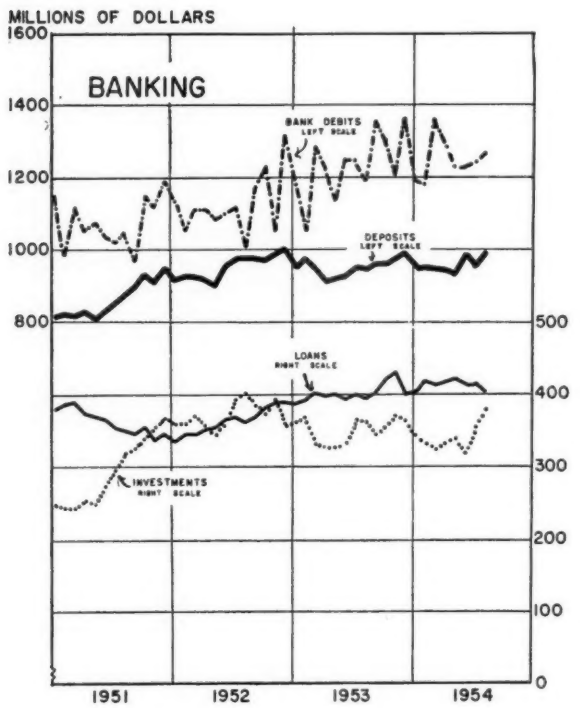
For example, Ida M. Tarbell, in her *History of the Standard Oil Company* (New York, 1904), relied largely for her source materials upon the transcripts of court proceedings and investigative hearings against Standard Oil, interviews with Rockefeller's contemporaries, and newspaper accounts. Her story could hardly have given an accurate portrayal since she did not have the records of the company at her disposal. Her sources were "loaded" against business from the start. Recently, Standard Oil of New Jersey has opened its archives to a group of highly skilled and reliable historians who are currently writing a multi-volume history of the company. Amidst cries of "whitewash" arising from the critics of revisionism, the several authors enjoy complete academic freedom to do research and to write what they find. Much of Miss Tarbell's old book will undoubtedly be substantiated; but the entire story of Standard's rise to dominance in the oil industry will be placed in far better perspective. The business community as a whole must realize the value of throwing open the portals of corporate archives to the scrutiny of qualified historians, in order that the full and accurate scene may be presented.

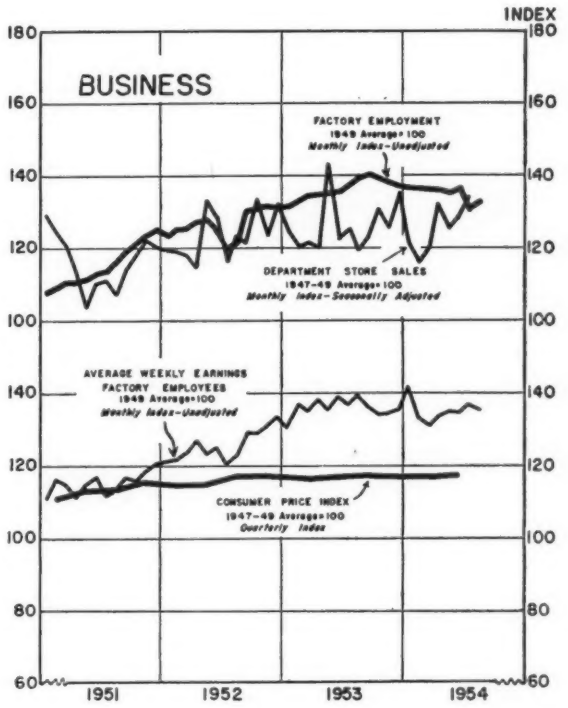
Businessmen generally do not react favorably to such a proposal. As a result, business archives have not been available to the scholar on a wide scale. Executives are rarely willing to permit outsiders to have a look at the books, considering their affairs to be strictly private; and, of course, they are correct in that conclusion. But by keeping their records inaccessible to competent researchers, the company executive implies that the firm has something to hide. He may even add to the suspicion by referring any inquiring scholar to the firm's "history" written by one of the company

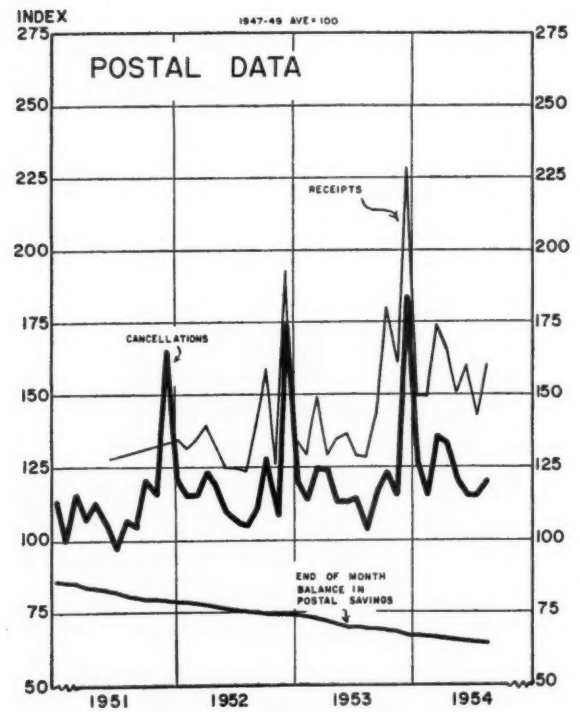
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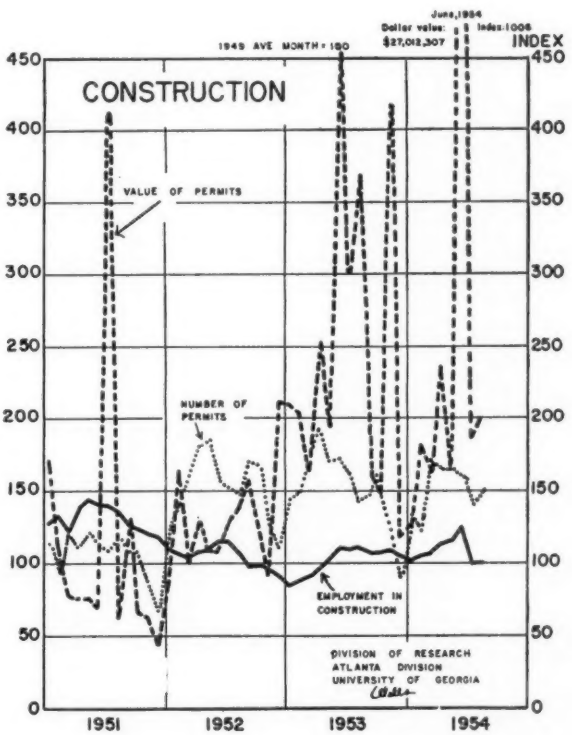
6. Ibid.

7. Ibid.









Note: Building Permits data and postal data are for area within Atlanta City limits. This area was 36.860 sq. miles in 1951; 117.862 sq. miles on March 1, 1952; 126.968 on December 31, 1953; and 126.997 on January 1, 1954.

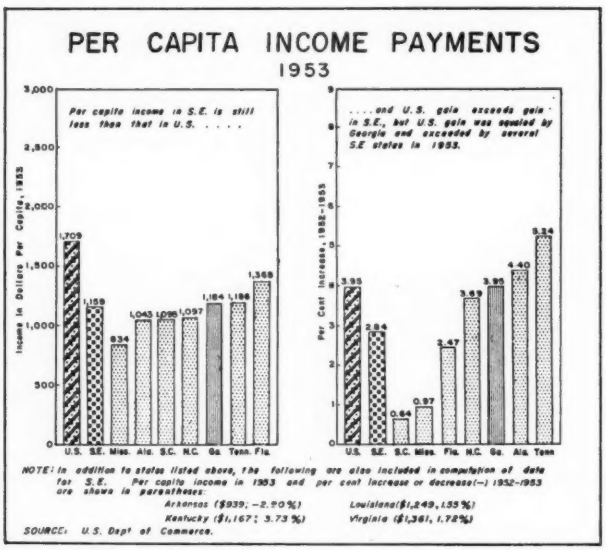
Sources: **Banking data:** Board of Governors of the Federal Reserve System and the Federal Reserve Bank of Atlanta; **Postal data:** Atlanta Post Office; **Construction data:** Office of the Building Inspector of Atlanta and Georgia Department of Labor; **Business data:** Federal Reserve Bank of Atlanta, Georgia, Georgia Department of Labor and U. S. Department of Labor.

officials. Actually, nothing in the company files could be so damaging as the histories written in the past by those who were not allowed to see company records. Any outcome would be an improvement over that sordid account.[8]

In the long run, the history of business enterprise can be only as good as the material from which it is written. Companies must open their archives to the professional so that accurate stories can be told. As each firm's history is published, we approach the position of understanding more clearly the role of business in our society. Most firms have issued their own histories, generally written by one of their own men or by hired journalists. Those books, some of them well written and authentic, are at best a public relations effort. As such, they are subject to criticism—especially for lack of objectivity. Even those companies which have printed such booklets should consider having their "biographies" written by a trained historian. For the most part, he alone has the broad grasp of social, political, and economic environmental factors to enable him to place the history in the proper regional and national setting. Many specialists in fields other than history are trained in research and writing and do creditable jobs of presenting business history; but all too frequently such writers are greatly limited in their vision. A "narrow" or "restricted" version of the firm's place in the fabric of society results.

The judgment of history on American business awaits the submission of *all* the evidence.[9] The prosecution thus far has presented most of the material, and the verdict, if rendered now, would undoubtedly be against the businessman. Strangely, business itself holds the key to the defense attorney's plea and can be its own best witness. A sizeable group of firms are giving utmost co-operation to that group of scholars who are trying to rewrite the story of enterprise; but there are still many more who could do much to help the cause of business generally. The writing of first-class business histories has been most extensive in the Northeast and the Middle West; now, there are remarkable opportunities in the newer industrial and commercial centers of the South. The businessman's stake in seeing the record set straight is a high one; he can win only by meeting the issue squarely and helping rewrite American business history.

8. Stanley Pargellis, "How Public Opinion Is Poisoned" (Chicago, n.d.).
9. Ibid.



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